



Tax Reform and Charitable Contributions

Statement of Philanthropy Northwest

To the:
U.S. House of Representatives Committee on Ways and Means

Hearing on:
Tax Reform and Charitable Contributions

February 28, 2013

At Philanthropy Northwest, we believe that philanthropy—with its extraordinary resources and influence, and its explicit commitment to improve lives—has a unique role to play in society.

On behalf of Philanthropy Northwest and our 175 member foundations across Alaska, Idaho, Montana, Oregon, Washington, and Wyoming, we would like to reaffirm our belief in the importance of the charitable sector in our country. We see first-hand the transformational work of philanthropy in our communities; whether it's funding for education, arts and culture, or basic needs—we know our members are committed to the public good and working across sectors to solve problems and improve lives.

We support tax policy that encourages giving—through a charitable contribution deduction or other means that sustain or enhance the amount that Americans give to charities. We also support considering alternatives to the current tax mechanisms that might achieve similar results. Most importantly, the charitable contribution deduction is fundamentally different from other deductions because it encourages Americans to give to their communities and to causes they care about.

We take this position, rather than a hard line to protect the current charitable deduction, because we have listened to our members who strongly believe that it is incumbent on our sector to work with our elected representatives to be open to alternatives that broaden and perhaps even strengthen charitable giving.

Our position on the charitable deduction reinforces our view that the nonprofit sector is critical to our society and we should continue to strengthen it. Comprising nearly 10 percent of our nation's workforce, the sector is a critical employer and meaningful part of our economy. The sector is the mainstay of our civil society and plays a crucial role in stabilizing and strengthening our communities.

We would like to offer ourselves as a resource to you and your staff as you carry out the work of tax reform for our country and we're happy to provide you with whatever research, background information, or stories that might be helpful.

We would like to thank the members of the Ways and Means Committee and especially the members that serve the Northwest: Congressman Reichert, Congressman McDermott, and Congressman Blumenauer for all that you do for our communities.



About Philanthropy Northwest

Philanthropy Northwest represents a community of grantmakers in six western states: Alaska, Idaho, Montana, Oregon, Washington, and Wyoming. Our mission is to promote, facilitate, and drive collaborative action by philanthropic organizations to strengthen communities in our region. Our 175 member organizations reflect the vibrant diversity of our regions' philanthropic community, and include private and family foundations; public and community foundations; corporate foundations and giving programs; independent foundations, federated giving funds, and tribal organizations.

Below we offer just a few examples of the important work that philanthropy does in our states and communities.

Alaska

Established in 1995, The **Alaska Community Foundation** (ACF) is a statewide platform for philanthropy in Alaska. Holding over \$55 million for the benefit of Alaskans, ACF grants \$5-6 million each year to charitable projects and nonprofit organizations across the state. The ACF mission is to grow philanthropy by helping individuals, organizations, and communities create funds that provide financial resources to improve the quality of life in Alaska now and forever.

With an average of 2.6 suicides in the state every week, Alaska has the highest rate of suicide per capita in the country. The number of teen suicides is even more staggering. Every year, there are nearly 33 suicides per 100,000 in youth between the ages of 15 and 19. In that same age range, 8.5 percent of Alaska teens reported that they had attempted suicide during 2009 - 2010. To address this devastating issue, Representative Anna Fairclough championed a state appropriation to The Alaska Community Foundation and the Alaska Children's Trust to create a grant program to promote community-based efforts to support suicide prevention efforts across the state. The Alaska Community Foundation was proud to match dollar for dollar the state appropriation for this important program for community wellness in Alaska.

The **Rasmuson Foundation** is a private foundation that works as a catalyst to promote a better life for Alaskans. Since its founding and first grant of \$125 in 1955, the Rasmuson Foundation has supported Alaskan non-profit organizations in the pursuit of their goals, with particular emphasis on organizations that demonstrate strong leadership, clarity of purpose, and cautious use of resources. The vision and values established by Elmer Rasmuson continue to guide the Foundation today. The Foundation awards approximately \$25 million annually to help improve the quality of life in Alaska.

The Rasmuson Foundation and the Bethel Community Services Foundation are both supporting a program to improve the oral health of Alaska Natives through the creation of mid-level dental providers, called Dental Health Aid Therapists (DHATs). Alaska Native dental health professionals are being trained to practice dental therapy with dentist supervision. The program provides a narrowly focused, competency-based, primary care curriculum that emphasizes community level dental disease prevention for underserved Alaska Native populations. It incorporates innovative public health-related preventive and clinical strategies to address the vast unmet needs of the Alaska



Native population. Now in its sixth cohort, 24 students have completed training and are working in 20 rural communities across Alaska.

Idaho

Established in 2005, the **Home Partnership Foundation** is an independent 501(c)(3) organization created by the Idaho Housing and Finance Association to help people build a strong foundation for their lives through stable, safe, and affordable housing throughout Idaho. The Foundation strengthens communities by encouraging tax-deductible charitable gifts from private citizens, local governments, foundations, and employers to support shelters and shelter services for the homeless and disadvantaged; prevent eviction actions to stabilize households; encourage asset-building and education to help clients achieve economic independence and home ownership; build equity-sharing funds to make workforce housing attainable; and facilitate tax-advantaged property donations for affordable housing purposes.

In the absence of a funded state housing trust fund and limited federal resources for housing programs, the Foundation is able to play a key role in helping enhance the resources for housing service providers to meet the critical needs of low-income Idahoans statewide. Demand for housing assistance continues to grow as the economic downturn, lack of living-wage jobs, and foreclosure issues hit Idaho hard. In 2011, the Foundation initiated an effort to help address the growing need for housing nonprofits to diversify their funding bases. An annual online fundraising challenge campaign called the *Avenues for Hope Housing Challenge* was created and is held every December. The campaign encourages individual donors to support the housing nonprofit of their choice. Challenge grants are offered from the Home Partnership Foundation as an incentive to the nonprofits to promote the campaign to their potential donor base. The campaign is most active during the final days of the year when many people make charitable giving decisions eligible for tax deductions. Over \$150,000 was disbursed to nearly 30 housing nonprofits throughout Idaho during the first two years of the campaign with over fifty percent of donors in the campaign self-designated as new donors to the organization they chose to support. These efforts help broaden funding for Idaho nonprofits to ensure they remain healthy and able to respond to the housing needs of their community.

Montana

The **Montana Community Foundation's** mission is to cultivate a culture of giving so Montana communities can flourish. In 2012, the Foundation awarded more than \$2.2 million in grants and scholarships and accepted more than \$2.5 million in contributions. The Foundation works with 45 affiliate community foundations that serve as philanthropic savings accounts for their local communities, many in rural areas. Local community foundations are an important part of community life in Montana. These foundations are established by local residents, raising local dollars to meet local needs. Their grants go toward feeding the hungry, taking care of our children, improving our schools, our streets, and our hospitals.

Montanans value generosity and policies that promote generosity. The charitable deduction is incredibly important to the Foundation's effort to encourage Montanans to leave permanent legacies that will forever support the causes they care about. Preserving the charitable deduction will help assure a stronger, more independent, more robust Montana now and for future generations.



The **Dennis and Phyllis Washington Foundation** is the major philanthropic organization for The Washington Companies and the Washington family. Funding for the foundation comes from the profits of The Washington Companies and personal contributions from the Washington family. Since its inception in 1988, Foundation giving and the Washington family's personal contributions and pledges to charitable causes total more than \$135 million.

Since 2009 the Dennis and Phyllis Washington Foundation has partnered with the seven federal health centers and their satellite offices in rural Montana and Indian Reservations to fund low income dental screenings and care for any child 18 and under. Since the program's inception, the foundation has committed over \$400,000 and over 14,000 children have been screened or provided direct dental care. This low income family dental screening program compliments the existing federally funded dental program currently being offered at the federal health centers and is an excellent example of a private/public partnership that has resulted in direct benefits to thousands of Montana's most vulnerable citizens.

Oregon

The **Ford Family Foundation** is a private, non-profit foundation located in Roseburg, Oregon, with its Scholarship Office in Eugene, Oregon. Roseburg lies in southern Oregon where the North and South Umpqua Rivers join. The "Hundred Valleys of the Umpqua" cut through from the Cascade Mountains to the Pacific Ocean, where tall timber prospers. The Ford Family Foundation has its roots here, too. Started in 1957, the Foundation now manages large, internal initiatives and makes grants to public charities predominantly benefiting communities in rural Oregon and Siskiyou County, California. Its heritage comes from such communities and the men and women who created them.

The Foundation's flagship initiative is a suite of college scholarship programs with a thousand recipients in post-secondary education at any given time. Additionally, in an effort to build strong rural communities, the Ford Family Foundation operates the Ford Institute for Community Building and its Leadership Program. The program is based on the belief that vital rural communities develop from a broad base of knowledgeable, skilled and motivated leaders, a diversity of effective organizations, and productive collaborations among organizations. The Institute selects four new communities to enter the program each spring and each fall, which commences a five year investment in more than 80 rural hubs across Oregon and Siskiyou County, California.

The mission of the **M.J. Murdock Charitable Trust** is to enrich the quality of life in the Pacific Northwest by providing grants and enrichment programs to organizations seeking to strengthen the region's educational, spiritual, and cultural base in creative and sustainable ways. In addition to a special interest in education and scientific research, the Trust partners with a wide variety of organizations that serve the arts, public affairs, health and medicine, human services, leadership development, and persons with disabilities. Over its 36-year history, the Trust has made 2,066 grants to organizations in Oregon, totaling more than \$284 million.

Grants from the M.J. Murdock Charitable Trust to DePaul Industries—an organization that provides employment opportunities for people with disabilities through staffing, security, and food and consumer goods services—directly support 60 jobs, but the long term economic impact is much greater. Through grants from the Trust and other foundations, DePaul was able to obtain the necessary capital investments to grow its packaging division into a \$10 million business that employs hundreds of people with disabilities each year. An analysis by the Philanthropic Collaborative of the "ripple effect" of foundation investments and the nonprofit's impact shows that DePaul contributes \$195 million to the annual GDP and is responsible for nearly 4,000 additional jobs in its community in the long-term.



Washington

The **Community Foundation of North Central Washington's** mission is to grow, protect, and connect charitable gifts in support of strong communities. The foundation works to build a permanent endowment that will provide resources to improve and enhance communities in Chelan, Douglas and Okanogan counties for generations to come. In 2012, the foundation awarded \$341,030 scholarships to 260 students and awarded over \$1.4 million in grants to nonprofits working in health and human services, arts and culture, environmental protection, and social benefit. The grants provided Cascade School District (Leavenworth) bridge funding for an after school program that was defunded. The Chelan County Regional Justice Center was able to purchase essential needs such as bed linens, towels, clothing, and hygiene products for inmates transitioning back to normal life. Orchard Middle School was able to loan musical instruments to low-income students that otherwise wouldn't have the opportunity to play. Osborn Elementary in Leavenworth discovered 83 percent of their students couldn't swim, and were able to provide 177 with lessons.

The foundation also works to enhance education in our region. This year, the Community Foundation is excited to launch its new grant program, *Classrooms Can!* which awards \$1,000 to 50 K-12 teachers in Chelan, Douglas, and Okanogan counties with fun, innovative projects in arts education, literacy, math and science, obesity prevention, and technology that engage the hard-to-reach learner. The foundation is also providing 15 schools with an Intermountain AmeriCorps volunteer to manage a reading program for the next four years with the goal of reaching 90 percent of students reading at grade-level.

The Seattle Foundation is the region's philanthropic leader driving positive change throughout King County. With more than \$650 million in assets, it is a community foundation uniting hundreds of families, individuals and businesses in the shared goal of building a strong community—for now and the future—through individual and collective giving. Its goal is to simplify giving and strengthen impact so that philanthropy makes our community—local, national and international—a vibrant and healthy place for all.

In 2012, The Seattle Foundation granted \$64.4 million to hundreds of nonprofit organizations, an increase from \$46.4 million in 2011. Seattle Foundation donors and funds continue to increase their giving with Education and Basic Needs capturing the largest percentage of gifts. At the peak of the recession, the Foundation dramatically increased giving in the area of Basic Needs. In addition to a growth in grantmaking dollars, The Seattle Foundation is experiencing growth in the number of businesses and families opening funds. The charitable tax deduction is an essential ingredient to support the continuation of this growth.

The Seattle Foundation has utilized its leadership position and the power of philanthropy to nurture the development of the Roadmap Project. This is a community-wide effort aimed at driving dramatic improvement in student achievement from 'cradle to career' in South King County and South Seattle. The project builds off of the belief that collective effort is necessary to make large-scale change and has created a common goal and shared vision in order to facilitate coordinated action, both inside and outside school. The Roadmap project recently secured a \$40 million Race to the Top federal grant to improve education; it was one of only two grants awarded at the \$40 million maximum level. The Roadmap is the latest in a series of community projects where The Seattle Foundation has combined the power of philanthropy and civic leadership to tackle pressing needs.



The **College Success Foundation** (CSF) has over 12 years of proven experience inspiring underserved, low-income students to finish high school and providing the unique integrated system of supports and scholarships they need to graduate college and succeed in life. Since its inception in 2000, CSF has awarded 11,333 scholarships, disbursed \$157.5 million in financial aid and raised \$450.5 million to benefit low-income, underserved youth to graduate high school and complete a college degree. CSF is a not-for-profit 501(c)(3) that depends on grants from private foundations and individuals, donations from businesses and corporations and funding from state and federal sources to accomplish its mission.

Headquartered in Issaquah, Washington, CSF serves students throughout the state; it was instrumental in the 2009 creation of the Washington College Access Network, which it also manages. CSF is an important partner in several private-public partnerships with the state of Washington, including the Washington State Opportunity Scholarship, the College Bound Scholarship, and Passport to College Promise. In addition, CSF is managing a new national scholarship – the Opportunity for Success Scholarship.

CSF provides a unique integrated system of educational supports and scholarships. The work starts in 7th grade by giving students a positive vision for their future and coaching students how to best prepare for high school and college. In high school, CSF's advisors and mentors challenge and support high school students by helping them navigate the "system" through academic advising, mentoring, college and career planning, college visits, summer academic enrichment, early college placement testing and financial aid planning. College scholarship commitments and other financial incentives may be offered to make college-going more affordable. As CSF Scholars enter college, advising and mentoring continue to ensure degree completion. After graduation, CSF offers its graduates opportunities through its Center for Career Success through professional workshops, internship and employment postings, and networking. Emphasis is placed on the importance of giving back to communities to mentor and support youth who face similar challenges, thereby creating a cycle of support that helps to reduce generational poverty.

Wyoming

The **Wyoming Community Foundation** (WYCF) connects people who care with causes that matter to build a better Wyoming. WYCF is a nonprofit, charitable 501(c)(3) organization. One of more than 700 community foundations in the country, the WYCF is an example of one of the fastest growing sectors of philanthropy in the United States today. Since its inception in 1989, the WYCF has made \$36 million in grants to Wyoming nonprofits.

The Wyoming Community Foundation is working with partners from around the state in a program to Revolutionize Nurse Education in Wyoming (ReNEW). ReNEW is an innovative program which will directly impact the anticipated nurse shortage in Wyoming by aiming to make higher education in nursing more accessible for Wyoming students. By developing a shared curriculum as well as focusing on student support services, clinical education, and professional development, RENEW is creating a seamless approach to attaining a baccalaureate degree from any Wyoming community college or the University of Wyoming. The vision for the program was developed from a steering committee made up of representatives from the educational and professional sectors. This common sense approach will benefit students, educators and professional organizations alike and is garnering support. Currently 66 volunteers from both sectors are working toward the goal.



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